

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 RSC-01 FAA-00 PA-01 PRS-01

USIA-06 AID-05 FRB-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /052 W
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P R 271402Z DEC 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8216

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 2205

E.O. 11652: N/A

TAGS: ETRN EAIR BB

SUBJ: CIVAIR: GOB ANNOUNCES ICA MAJORITY OWNERSHIP

REF: BTN 2001

1. PRIME MINISTER ERROLL BARROW ANNOUNCED DEC 20 THAT GOB HAD ACQUIRED 51 PERCENT OF SHARES OF INTERNATIONAL CARIBBEAN AIRWAYS (ICA). BARROW DISCLOSED THAT GOB HAD PAID BETWEEN US \$180-200,000 FOR 51 PERCENT OF SOME \$360,000 IN PAID UP ICA CAPITAL AND NOW HAD RIGHT TO APPOINT FOUR OUT OF SEVEN ICA DIRECTORS. BARROW STATED THAT GOB DID NOT BELIEVE IN AIRLINE OWNERSHIP BECAUSE OF POOR ECONOMIC CONDITION OF MOST AIR CARRIERS, BUT HAD INVOLVED ITSELF IN ICA TO PROVIDE LOWER TRANSATLANTIC FARES THAN OTHER CARRIERS, NOTABLY BRITISH AIRWAYS.

2. IN DEC 22 TV BROADCAST, BARROW CAUSED STIR BY CLAIMING THAT HE HAD MADE ARRANGEMENTS WITH BWIA IN 1966-67 TO PROVIDE LOW COST SERVICE TO LONDON VIA BARBADOS BUT THAT BOAC HAD OFFERED STRONG OPPOSITION TO SUCH A ROUTE. BARROW CLAIMED THAT BOAC

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AGREED TO PAY BWIA SOME POUNDS 132,000 PER ANNUM NOT REPEAT NOT TO FLY TRINIDAD-BARBADOS-LONDON ROUTE. BARROW STATED

THAT HE HAD BLOCKED THIS PAYMENT ARRANGEMENT AND SHORTLY THEREAFTER APPROACHED LAKER ENTERPRISES RE SETTING UP ICA AS NON IATA SERVICE TO LUXEMBOURG. NOW, BARROW CONTINUED, BWIA WANTS TO FLY THREE TIMES PER WEEK TO LONDON WHICH WOULD SERIOUSLY CUT INTO ICA REVENUES; HENCE, GOB FELT IT NECESSARY TO ACQUIRE MAJORITY INTEREST TO PROTECT ICA. BARROW WENT ON TO MAKE DEROGATORY REMARKS ABOUT BWIA'S FINANCIAL CONDITION AND TO CLAIM THAT BARBADOS IS KEEPING BWIA GOING BY PERMITTING IT ROUTES THROUGH HERE TO NEW YORK, MIAMI AND TORONTO. BARROW CLAIMED THAT WITHOUT TRAFFIC ROUTES THROUGH BARBADOS, BWIA WOULD LOSE \$2.25 MILLION PER MONTH RATHER THAN ALLEGED CURRENT LOSSES OF \$500,000.

3. IN RESPONSE TO TV COMMENTATOR'S QUESTION, BARROW STATED THAT ICA WOULD COMMENCE FLYING TO NORTH AMERICA "IMMEDIATELY" WITH ROUTES TO ATLANTA, WASHINGTON, BOSTON AND MONTREAL.

4. COMMENT. IT IS DIFFICULT TO SEE HOW PRESENT ARRANGEMENTS WOULD MEET US CAB OWNERSHIP AND CONTROL STANDARDS. BARROW HIMSELF ON TV ESTIMATED THAT ICA WAS WORTH \$5 MILLION BUT DID NOT ELABORATE ON HOW BARBADOS COULD ACQUIRE "CONTROL" WITH SUCH A SMALL INJECTION OF FUNDS. WE PRESUME THAT GOB WILL DESIGNATE ICA AS ITS CARRIER FOR US ROUTES SOMETIME IN MID-JANURARY WHEN CIVIL AVIATION ADVISOR IAN ARCHER RETURNS FROM LEAVE.

5. BARROW'S CIVAIR ANNOUNCEMENTS AND TV APPEARANCE PROVOKED ADVOCATE NEWS EDITORIAL ON DEC 23 ENTITLED "TOO MUCH WRANGLING IN AIR MATTERS". AN TERMED REVELATION RE ALLEGED BOAC PAYMENT TO BWIA "MOST DISTURBING" AND DEPLORED DIVISIVE "INTRIGUE AND WRANGLING" OVER CIVIL AVIATION MATTERS AT TIME WHEN CARIBBEAN STATES ARE TALKING ABOUT ADOPTING COMMON POLICIES AND COORDINATING ACTIONS IN REGIONAL CONTEXT. BRITISH AIRWAYS REP HERE DISCLAIMS PUBLICLY AND PRIVATELY ANY KNOWLEDGE OF PAYMENTS TO BWIA TO STAY OFF LONDON ROUTE BUT BARROW EARLIER TOLD ONE SOURCE THAT HE HAD GONE TO BOAC AT TIME AND DEMANDED PAYMENT FOR BARBADOS IF BOAC WERE TO CONTINUE OPERATING THROUGH HERE. PAYMENTS TO BWIA, ACCORDING TO BARROW, STOPPED AFTERWARDS.

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6. IT IS NOT CLEAR HOW GOB PLANS TO MANAGE ITS ROUTES TO NORTH AMERICA. GOB AND GOVERNMENT OF CANADA CONDUCTED EXCHANGE OF NOTES IN LATE NOVEMBER GRANTING ICA BRIDGETOWN TO MONTREAL ROUTE WITH NO FIFTH FREEDOM RIGHTS. (WHICH GOB BADLY WANTED). GOB AND GOC REACHED TEMPORARY ROUTE AGREEMENT (DURATION OF ONE YEAR OR UNTIL BILATERAL SIGNED) FOLLOWING GOB PRESSURE ON AIR CANADA. IN FACT, RECENT EXCHANGE OF NOTES WITHDRAWS PASSENGER TRAFFIC RIGHTS FOR AIR CANADA BETWEEN ANTIGUA AND BARBADOS. CANADIANS SAY THAT GOB WANTS ICA TO COMMENCE OPERATION OF MONTREAL ROUTE EARLY IN 1975 BUT THAT GOB HAD YET TO MAKE FORMAL

APPROACH WITH DOCUMENTATION TO CANADIAN TRANSPORT COMMISSION
FOR RATIFICATION AS CARRIER.

7. BARROW'S ATTACK ON BWIA (AND, BY INFERENCE, GOTT) WILL
CERTAINLY NOT MAKE IT ANY EASIER FOR REGIONAL STATES TO
REACH AGREEMENT ON LIAT. IT HAD APPEARED THAT GOTT MIGHT BE
WILLING TO PARTICIPATE AFTER ALL IN LIAT FINANCIAL ARRANGEMENTS
BUT BARROW'S SPEECH MAY GIVE ERIC WILLIAMS SECOND THOUGHTS.
ST LUCIA PREMIER JOHN COMPTON, WHO HAS BEEN HANDLING LIAT
BALL, IS REPORTED TO BE EXTREMELY UPSET ABOUT BARROW'S
UNSETTLING REMARKS. WE ARE NOT SURE JUST WHAT THE MEANING
OF THIS EPISODE IS OTHER THAN ITS UNDERLINING DIFFICULTIES
THAT CARIBBEAN PERSONALITIES BRING TO ANY REGIONAL EFFORT.
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